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CHILD POVERTY IN MANITOBA: AN EXAMINATION OF ITS CAUSES AND SOLUTIONS

A BRIEF SUBMITTED

TO

THE SUB-COMMITTEE ON POVERTY

OF

THE HOUSE OF COMMONS STANDING COMMITTEE

ON

HEALTH & WELFARE, SOCIAL AFFAIRS,

SENIORS AND THE STATUS OF WOMEN

BY

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EXECUTIVE SUMMARY

In Winnipeg, the number of low-income families with children has been slowly increasing since 1971, due mainly to the growing number of single-parent and Aboriginal families and, also, to the rising rate of poverty between 1981 and 1986. While the majority of poor families are two-parent families, it is the single-parent family which has a much higher risk of being low-income. The reasons for this are several: First, with only one wage earner, the family can provide less employment; and, second, since the vast majority of single parents are female, their earnings are less than men's. Low levels of education and the presence of young children also increase the risk of poverty because they limit the parent's level of employment and earnings.

Independent of these demographic and structural causes of poverty, the functioning of the economy affects the overall risk of poverty. The average level of earnings, the rate of unemployment and the degree of inequality in the distribution of earned income are the three characteristics of the economy which determine the prevailing rate of poverty. While real average income has been increasing in Manitoba, the level of unemployment rose sharply in the early 1980s and remains higher than it was in the 1970s. In addition, the structure of earned income has become more unequal. While rising average incomes likely were responsible for the large decline in poverty in the 1970s, the higher unemployment rates and the increasing inequality of earned incomes during the 1980s has increased it.

Given the demographic, structural and economic causes of child poverty, the solutions must be several. On the structural and demographic side, providing high-risk families with programs offering a combination of educational upgrading, job training and placement, child care and other community supports seems to offer the most hope. Such programs are also effective in reducing the risk of further pregnancies among adolescent single parents and in enabling them to make the transition from welfare to work.

However, they do not address the barriers created by discrimination and unequal pay which require affirmative action and equal pay legislation to overcome. As well, they cannot overcome the low-wage structure of many of the jobs being created in the economy. A combination of higher minimum wage rates and some form of an earned income or wage-supplementation program may be the most effective and efficient solution to this cause of income poverty.

On the economic side, the greatest challenge facing the government is that of developing policies which can create full employment without increasing the rate of inflation. To date, the federal government has not been able to do so, relying solely on restrictive monetary and fiscal policies which keep unemployment rates high. Until the unemployment rate can be lowered significantly, child poverty will not be eliminated in Canada.

Given the persistence of high unemployment in the country, limited tax revenues for funding more income redistribution programs and the potentially large "welfare losses" being incurred by present income redistribution programs, reform of the current federal and provincial tax/transfer systems becomes of paramount importance. First, the social assistance programs of the country need improvement, through changes to the funding formula of the Canada Assistance Plan, through enhanced benefits and more equitable rent allowances and better programs to facilitate the transition from welfare to work. Second, the personal income tax system requires further enrichment and consolidation of the several non-refundable and refundable tax credits to low-income families with children. However, because the potential work disincentive effects of such an enriched family benefits package, the federal government should consider the introduction of either an Earned Income Tax Credit, which is part of the U.S. income transfer system, or a wage-supplementation program like the Quebec Government's "APPORT" program.

1.0 INTRODUCTION

As a non-profit social Planning agency, the Social Planning council of Winnipeg has been engaged in poverty and child welfare issues for a number of years. It has published profiles of the low-income population of Manitoba, participated in the 1983 review of the Province's social assistance program, completed a study of the need for child care in the city, and a review of the child welfare caseload and high-risk populations for an inner-city agency. In addition, the Council acquired a number of special tabulations of the census data for Winnipeg, which profile the changing size and composition of the low-income population. All of these initiatives have reinforced the Council's conviction that the causes of poverty are complex and that the current set of services and method of delivering them is not solving the problem of poverty. Its experience, also, has confirmed the conviction of others that addressing child poverty is a very strategic method of intervening in the cycle of poverty.

In this brief, the Council will first draw upon the data it has collected to examine the causes of poverty among families with children. In the light of that analysis, it will reflect on the courses of action which Governments should be taking to eliminate the spectre of child poverty in Canada.

2.0 THE CAUSES OF CHILD POVERTY

As many commentators have noted, the extent of child poverty in Canada has been growing over the last decade or more. In Winnipeg, the number of low-income family households with children has grown since 1971 from 14,655 households (16.3% of all family households) to 17,650 (17.7% of all family households) in 1986. Tables 1.1 and 1.2 describe the components of this growth. They reveal the overwhelming contribution of the rising single-parent population to the increasing number of low-income families. For example, between 1971 and 1981, there was a net increase of only 840 low-income families with children. However, that increase was due exclusively to the rising number of low-income single-parent families (1,950). The number of low-income husband-wife families actually decreased by 1,110. Between 1981 and 1986, there was an increase in the number of low-income husband-wife families, due largely to the rising rate of poverty among them. However, of the total increase, the change in the number of low-income single parent families accounted for 63 percent, with the rising rate of poverty between 1981 and 1986 accounting for 27 percent.

It should be noted that the growth in the single-parent population of Winnipeg is disproportionately due to the rapidly increasing Aboriginal population. Between 1981 and 1986, all of the 6 percent net growth in the under-25 single-parent population was due to a 67 percent increase among the Aboriginal population. The number of non-Aboriginal single parents under 25 years actually declined by 14 percent. Among the single-parent population over 25 years of age, Aboriginal persons accounted for 21 percent of the total increase, while representing only 7 percent of all such single parents in 1981. Of concern is the disadvantaged situation of the Aboriginal single-parent population. This group experiences unemployment rates double and triple those of the non-Aboriginal population and significantly more children per family.

These two tables indicate that changes in family composition and the performance of the economy are the two major factors which

have accounted for the growth of child poverty in Winnipeg. They show that the majority of the growth is attributable to the rapidly growing single-parent population, fueled partly by an increase in the number of never-married women with children, but mainly by the increasing rate of separation and divorce which has occurred since 1968. Secondarily, are those changes in the economy which have altered the rate of poverty experienced by single-parent- and husband-wife-families.

In determining why only some families experience low-incomes, we will draw upon the distinction which Osberg (1981:144) made between theories which can explain the distribution of income in a society, and those which account for the level of income attained by individuals. First, we will look at the individual determinants of poverty. Then, we will identify those characteristics of the economic system which produce a given level of poverty.

2.1 The Individual Determinants of Poverty

From the microdata tapes of the 1982 and 1983 Surveys of Consumer Finance, we have put together a profile of the low-income family with children in Manitoba. While the estimates of the extent of child poverty in the Province are dated, we believe that the profile of the high-risk groups and the reasons for higher risk, provided by this data, are still valid. Rather than use no information, we chose to analyze the most current data in our possession to obtain insights into the nature and causes of poverty in Manitoba.

Tables 2.1 to 2.4 describe the **distribution,** the **rate** and the **depth** of poverty for families with children, by key socio-demographic characteristics. We believe that all three pieces of information are required to inform policy and program choices because they assist in making such decisions as whether to provide programs to all low-income families, or to target programs for higher-risk groups. For example: Tables 2.1 and 2.3 reveal that the rate of poverty is highest for the single parent under the age of 25 (79.3%) or who has two-or-more children (84.2%).

They also show that these two groups have the lowest incomes - 48 percent of the low-income cutoffs. Accordingly, anti-poverty programs directed to these two demographic groups would be very target-efficient. However, they would reach less than 7 percent of all low-income families with children. Conversely, anti-poverty measures directed to husband-wife families whose head is between 25-and-64-years would reach about half of all low-income families. However, they would have to incorporate income-testing to be target-efficient, as less than 13 percent of such families are low-income.

To get a clearer sense of the unique and joint effect of each of these socio-demographic characteristics on the risk of income poverty, we specified and tested a multivariate model, with income poverty as the dependent variable and with the following factors as independent variables: family status, the head's level of education, and the number of children less-than-7-years-of-age and 7-to-11-years-of-age.

Table 3 presents the results of that analysis. It shows that:

- the risk of poverty declines as the parent's level of education rises, particularly for single-parent families.

- the presence of young children significantly increases the risk of poverty, particularly for parents with less than a post-secondary level of education.

- one's family status affects the risk of poverty, with single-parent families experiencing substantially higher rates of poverty, even when the parent's level of education and the presence of children is taken into account.

These socio-demographic characteristics are strongly correlated with rates of income-poverty because of their impact on the family's level of employment and earnings, which are the key determinants of income-poverty. The effect of family status, the head's level of education, and the presence of young children on the family's level of employment and level of earned income can be seen in Tables 4.1 and 4.2.

Table 4.1 reveals that, for husband-wife families:

- the husband's level of education has very little effect on the number of weeks of employment. If anything, a low level of education tends to increase the number of weeks provided by the family.

- the age of the youngest child makes a substantial impact on the level of employment provided by the family, increasing from 76 weeks for families with a child under-7-years, to 117 weeks for those with no children under 12-years-of-age.

Among single-parent families, Table 4.1 shows that:

- both the parent's level of education and the age of the youngest child substantially alter the family's labour supply. Single-parent families with less than a grade nine education supply only 40 weeks per year, compared to 58 weeks per year for those with a post-secondary level of eduction. Similarly, among families with a child under-7-years, only 32 weeks per year of employment is provided, rising to 61 weeks for families with no children under-12-years-of-age.

- among those families where the youngest child is under-7-years-of-age, the parent's level of education makes the most difference in the level of employment.

Table 4.2 demonstrates the difference which the head's level of education, and the family's level of employment makes to the family's total earned income. It shows that:

- the greater the head's level of education, the higher the family's total earned income.

- the effect of educational attainment is not as great for single-parent- as husband-wife-families, there being a $7,800 difference between families with the lowest and highest levels of schooling, compared to

an $11,646 gap in average earnings between the least- and most-educated husband-wife families.

- independent of the parent's level of education, the number of weeks of employment has a powerful effect on earnings.

- among families providing the same level of employment, whose head has the same level of education, single parents earn substantially less than husband-wife families.

Because all of the husband-wife family heads are male and 88 percent of the single-parent family heads are female, the earned income differences between these families reflect the earnings gap between men and women.

Finally, Table 5 describes the impact which the family's level of employment and earned income has on the rate of poverty. It shows that:

- among families whose head earns less than 75 percent of the average earned income (under $13,500 per year), the family's level of employment makes a substantial difference in reducing the risk of poverty.

- the risk of poverty is substantially lower among single-parent- than husband-wife-families who earn more than $9,000 per year. This is because single-parent-families have fewer people, on average, than husband-wife-families and thus require less income to exceed the low-income cut-offs.

To sum up: the foregoing analysis has demonstrated that family status, the parent's level of education and the age of the youngest child are, individually and jointly, strong predictors of the risk of income poverty. Being a single parent with less than a grade eleven education, and having two-or-more children under the age of 11, carries with it a 90 percent chance of being poor; whereas, a husband-wife family, with no children under 12, whose

head has a post-secondary level of education, has less than a three percent chance of being poor.

This analysis also has revealed that these demographic characteristics affect the risk of poverty through their impact on the family's level of employment and earned income. First, the rate of income poverty among single-parent families is substantially higher than among husband-wife families with comparable levels of education and ages of children, for two reasons: their level of employment is substantially lower, due to the absence of a spouse, and their earnings are substantially less, due to the gender gap in earned income. Second, the presence of young children increases the risk of poverty because it substantially lowers the family's level of employment. Third, having less than a grade eleven education increases the risk of poverty among husband-wife families because of the lower level of earnings. Unlike the single parent, the husband's level of education does not reduce the family's level of employment. In fact, it tends to increase it. With the single parent, however, a low level of education substantially lowers the family's level of employment, as well as the level of earned income.

2.2 The Economic Determinants of Child Poverty

In the previous section, we reviewed some of the demographic and structural correlates of poverty: the presence of young children, low levels of education, gender differences in earnings and single parenthood. In this section, we examine how the performance of the economy affects the rate of poverty.

Basically, there are three characteristics of the economy which determine the overall level of income poverty prevailing at any point in time: the average level of real income, the rate of unemployment and the degree of inequality in the distribution of earned incomes. Sawhill's (1988:1088-1092, 1110) review of the U.S. evidence led her to conclude that over the 1967 to 1985 period, the growth in average earnings had reduced the rate of poverty by 0.1 to 0.4 percent, while the rising unemployment rate increased it by between 2.4 to 4.0 percent. She did not provide an estimate of the impact of the growing inequality of earnings

on the rate of poverty. However, she did conclude that the increasing level of cash transfers had reduced the poverty rate by some 3.3 percent; and, the programs aimed at educational upgrading and job training also reduced the rate of poverty by between 0.4 and 2.2 percent. In effect, without an enhanced income security system and human capital investments, the functioning of the economy alone would have resulted in a substantially higher rate of poverty in the U.S.

Unfortunately, there are no comparable Canadian studies, except for a limited analysis carried out by Prager (1988:60) which found that poverty rates declined in step with increases in real median incomes between 1973 and 1979.

Nonetheless, the same trends as documented by Sawhill for the U.S. economy have been occurring in Manitoba. Real individual earned incomes for men rose by 23 percent between 1970 and 1980, but actually declined between 1980 and 1985 by 6 percent. For women, there was a 33 percent increase in real incomes during the 1970s, with only a 6 percent increase between 1980 and 1985. For women with children under 16 years, the rate of unemployment stayed below 5 percent for most of the 1970s, rose to 7.6 percent in 1983, declining to only 6.3 percent in 1987, then rising again to 7.1 percent in 1988. For single-parent-women with children, the rate has been consistently higher, peaking at 12.6 percent in 1984 and standing at 10.5 percent in 1988. Also of concern, is the decline in the labour-force participation-rate of single parents with young children since 1985 (Table 6.).

Finally, between 1980 and 1985, the distribution of earned income for both men and women became more unequal. Table 7.1 shows that the proportion of men employed in middle-income occupations fell by 13 percent (from 42% to 28%) between 1980 and 1985, while the proportion employed in the lowest- and highest-paid occupational groups increased substantially. For women, the pattern was more one of a declining number in the middle-income range of occupations with a substantial increase in the highest-paying occupations. Table 7.2 shows that the majority of the increasing inequality in earnings has occurred in the part-year/part-time sector. Thus, changes in both the level of employment as well as earnings could be accounting for this increased inequality.

As a result, it is not surprising to find that the rate of poverty among families with children in Manitoba declined during the 1970s only to rise again in the early 1980s and remain higher than it was at the end of the 1970s.

3.0 SOLUTIONS TO THE PROBLEM OF CHILD POVERTY

As we have seen in the previous section, the causes of poverty are several. Some determine a family's risk of being poor by defining whether they will enter the labour force and, if so, their level of employment and the wage rates for which they will work. Others determine the number of jobs, the wage structure and the average level of employment income in the economy. Accordingly, the solutions to the problem of child poverty must be several: The employability of low-income parents; the wages they can command and/or the level of transfer payments they receive from government all must be raised; and, the overall level of employment in the economy and the wage/salary structure must be improved.

In fashioning appropriate solutions to the problem of child poverty, we believe that it is also important to keep in mind the U.S. evidence, which indicates that the vast majority of income-poverty is temporary. Sawhill's (1988:1081) review article documents that, of those who ever experience poverty on an annual basis, about 45 percent of poverty-spells end within one year and 70 percent are over within three years. Only 13 percent last longer than eight years. Prager's (1988:56,57) review of the U.S. evidence indicates that, for women, temporary spells of poverty are more associated with changes in marital status than earnings. For men, approximately two-thirds enter and escape poverty through changes in hours-worked and wages. However, the chronically poor families in the U.S. are typically headed by a black, never-married woman with little education and work experience and several children. All of these factors correlate with chronic welfare dependency.

These findings parallel our analysis. A large proportion of the low-income population consists of husband-wife families, whose level of employment and earned income are the key determinants of the risk of poverty. A relatively small proportion consists of extremely high-risk single-parent families who have low levels of education and young children.

The solutions which spring from this distinction are those which address the functioning of the economy as a whole, and those which are targeted to the highest-risk and chronically poor.

3.1 Those Which Address the Individual Determinants of Poverty

The solutions appropriate to eliminating poverty among the high-risk and chronically poor families are "structural" in nature; that is, they seek to change either the characteristics of the individual, or to modify the social environment without changing the performance of the economy. In our analysis, we found that a low level of education, the presence of young children and a lower level of earnings by women were the key individual factors causing the substantially higher rates of poverty among single parent families. Accordingly, the programs required to reduce the rate of poverty among these high-risk families will likely have to addresss all three issues.

For example, from her review of the Ontario Government's efforts to encourage/enable mothers on social assistance to enter the workforce, Evans (1988:125-135) concluded that the wage supplement program first introduced was not successful. This was partly because it could not provide a sufficiently higher income than welfare alone, but also because the program did not provide affordable day care. In her judgement, the subsequent Employment Supports Initiative failed to attract a large number of single mothers off the welfare rolls, mainly because only pre-employment services such as life-skills, job-search counselling and information, and referral to education- and training-programs were offered. Had they also been provided with job skills which would give them access to higher-paying jobs, more women may have left welfare for full-time employment. Thus, it is likely that a full continuum of pre-employment services and educational upgrading, followed by specific job skills and on-the-job training is required to move the long-term recipient from welfare to work.

In addition to enabling the single parent to obtain full-time employment, the literature on teenage/young adult pregnancies

indicates that the cultivation of career aspirations and a higher level of self-esteem is the most effective approach to preventing subsequent pregnancies (see, Burden and Klerman [1984:15]).

While programs designed to provide a continuum of educational upgrading and job training skills, combined with affordable child care, remove many of the significant barriers to employment, there are other barriers to accessing these programs which need to be overcome. The Task Force on Programs for Social Assistance Recipients (SARs) identified the following:

- a lack of linkages between the various training programs, and lack of access to information about training opportunities;
- the presence of restrictive program eligibility criteria, including welfare's 'employable/unemployable' distinctions;
- the lack of training opportunities and the inadequate length of some training programs to impart the necessary skills;
- the loss of in-kind benefits provided by welfare once full employment is attained.

To overcome the knowledge and program-linkage barriers, the Task Force recommended the funding of 'community-based advocates' who would explain the variety of training and education programs available to those on assistance. The creation of community-based 'Training and Education Access Centres' (TEACs), which would provide a one-stop centre for employment and training-related information, was also recommended.

However, such advocates and resource centres will not solve the problem of lower wages being paid to women and minorities. The estimated 40-percent gap in earnings stems from wage discrimination within the same occupation (5-10%), gender segregation across occupations (10%), with the remaining 20- to 25-percent due to other productivity related characteristics which originate outside the labour market (Gunderson, 1985:231-232). He suggests that educational streaming of women into lower-paying occupations, and the fact that women employed outside the home still shoulder most of the responsibility for completing household work and child care, may be the two key sources for women's lowered

productivity. To offset these barriers, he indicates that equal employment/affirmative action programs have a larger potential role to play in reducing the earnings differences than equal pay legislation (Gunderson, 1985:233).

Important as equal employment and pay legislation are in giving women and minorities impoved earnings, these will not change the economy-wide trend to more low-paying jobs. A recent U.S. review of programs aimed at assisting the working poor concluded that a combination of increases in the minimum wage and higher benefits through the Earned Income Tax Credit (EITC) program would best serve the multiple objectives of: providing the most adequate assistance to the working poor; creating the greatest work incentives; controlling government outlays; and, restraining inflation. (see, Hendrickson and Sawhill, 1989) In the next section of our brief, we will describe the EITC as a favorable method of redistributing income to the working poor.

To sum up, the structural solutions required to move the high-risk- and chronically dependent-single-parent from welfare to full employment are: affordable child care, and a continuum of pre-employment, educational upgrading and job skill/placement programs. The system may also need advocates who can negotiate the appropriate mix and sequence of programs for recipients, depending upon their needs. Equal employment/affirmative action programs also are required to give women greater access to higher-paying jobs. Equal pay legislation is needed to remove the earnings differences within occupations. Nonetheless, programs targeted just to the high-risk and chronically poor will not remove the causes of poverty for the majority, who are temporarily/periodically poor. For these families, interventions are required which impact on the overall level of unemployment in the economy and the unequal distribution of earned income. It is to these, we now turn our attention.

3.2 Those Which Address the Economic Determinants of Poverty

The fundamental dilemma facing the federal government in its announced desire to eliminate poverty among Canadian children by the year 2000, is how to reduce the level of unemployment without causing an increasing rate of inflation. To date, it has relied on restrictive fiscal and monetary policies to keep inflation in check, with the result that unemployment rates are substantially higher than they would be if a policy of 'full' employment were in effect. For example, Kapsalis (1988:27-28) estimates that, in 1987, the absence of any demand-deficient unemployment would have resulted in an unemployment rate of 3.8 percent instead of 8.9 percent. Yet, the 'incomes' policies recommended by others (see, Cornwall, 1983) to achieve full employment and low rates of inflation, may well be impossible to implement in Canada. As a result, unless the country can find an alternative method of fighting inflation, child poverty will not be eliminated. Structural reforms alone will not increase employment and earned income in the face of high unemployment rates.

Given the economic climate Canada is facing in the 1990s--with increased international competition, higher rates of unemployment, more slowly growing tax revenues, and a burgeoning debt load--it becomes imperative to find more effective and efficient methods of redistributing income from higher- to lower-income families.

A key problem with the current system of multiple income transfer programs, each with its own rate of taxing-away the value of the transfers as other (earned) income rises, is the 'stacking' of these marginal tax rates which can exceed 100 percent (see, Fortin, 1985:167-169). These high marginal tax rates create work disincentives that one U.S. study estimated at 23 cents for every dollar transferred (Danziger, Haveman and Plotnick, 1981). At the same time, the higher level of income taxes required to finance these programs creates a work-disincentive effect for the taxpayer that some studies have put as high as 50 cents for each additional tax dollar collected (see, Blomqvist, 1985:116).

Achieving a more effective and efficient tax-transfer system will require a number of initiatives. For one, Fortin (1985:181) suggests that the replacement of the current income tax with a proportional tax on consumer spending, e.g., a value-added tax like the proposed GST, would involve lower welfare costs to the taxpayer, likely because of the lower tax rate required to raise the same level of revenue. However, a consumption tax is regressive and the effective higher-tax load on the poor would have to be reduced by income transfers to the low-income household.

Reducing the high marginal tax-rate on transfers to the low-income family can be achieved in a number of ways. A solution proposed by the 1975 federal-provincial social security review's background paper was the creation of a two-tiered system of income support and income supplementation. For those expected to work--they would have access to a program featuring low benefit levels and low tax-back rates. This combination would minimize work disincentives. For those not expected to work--they would have access to an income-support program which would provide a much higher guaranteed income with much higher tax-back rates. Currently, in Canada, the federal-provincial system of social assistance, old age security and pension benefits, and disability pensions, constitutes the income-support program, while the various types of federal and provincial refundable and non-refundable tax credit and shelter allowance, and subsidized shelter programs, constitutes the income-supplementation program. Reforms are needed to both systems to enhance their adequacy and efficiency.

To achieve a more adequate and efficient system of income supplementation, two basic approaches can be followed. The one involves the consolidation of the several refundable and non-refundable tax credits provided by the personal tax system into one 'Family Assistance Allowance' program, advocated by the Canadian Council on Social Development (see, Van Loon, 1987:36-37). Either the total annual value of the credits could be paid out in regular installments to low-income families with incomes not subject to deductions at source; or, the value of the current Family Allowance benefits could be enlarged by including in it the value of credits for dependants, the child tax and

sales tax credit. To recover the payments to high-income families, they would be subject to a special tax surcharge, at tax time.

The potential weakness of such a program would be the work disincentives created by a fairly sizable transfer payment to those with a low level of earned income. An alternative method of delivering benefits to the working poor, which would minimize the work disincentive effects, would be a program like the Earned Income Tax Credit (EITC) in effect in the United States since the mid-1970s, or the system of wage supplementation used by Quebec. With the EITC program, the family is given a refundable tax credit which is worth 14 percent of earned income up to $6,500, reaching a maximum value of $910 which remains constant up to $10,740 of earned income. Beyond this amount, the credit is reduced at a rate of 10 cents to the dollar, falling to $0 at $19,430 of earned income. While it is presently not adjusted for family size, current proposals for reform of the EITC feature a higher tax credit rate for each additional child, and a supplemental EITC for families with children under 4 years. As can be seen, such a program would actually encourage work-effort up to that level of earned income where the value of the credit peaked. Given the need to supplement the earned income of the working poor, who constitute a large proportion of all low-income families, while minimizing the work-disincentive effects of doing so, a program of earned-income or wage-supplementation should be seriously considered by the federal government.

However, for income-support programs aimed at those not expected to be in the labour force, priority should be given to ensuring that the benefit levels are adequate. The current system of provincial social allowance programs are in need of several reforms to enhance the adequacy of the benefits they provide recipients. First, the level of benefits provided by provinces varies considerably across the country. Hum (1983:84-87) identified the varying fiscal capacities of the provinces as a key reason for this and recommended an amendment to the cost-sharing formula of the Canada Assistance Plan (CAP). It would provide a variable federal cost-sharing rate which would reimburse more those provinces with more low-income people or lower average

incomes than the richer provinces, up to an agreed-upon national minimum. He also recommended replacement of the current 'need or likelihood of need' provision with an income-testing principle. This would allow the provinces greater latitude in designing individual income programs for specific groups, including the working poor, and enable them to further harmonize their income-maintenance policies. This latter point is important for a province like Manitoba which has several programs for the working-poor families with children (CRISP and SAFFR), that are not (fully) cost-sharable under CAP.

Improvements are needed in the way provinces cost-out the list of 'basic requirements' enumerated in the CAP legislation. For example, in Manitoba, a recent review of the social assistance rent guidelines found that the proportion of the private rental market acessible within those guidelines varied from as little as 3 percent to as much as 41 percent. The guidelines were set in the distant past and have been updated only with reference to the maximum rent increase allowed under the provincial rent regulation board. As well, no provision is made for recreation and religious observance expenditures, even though the federal regulations specifically itemize these as part of one's 'personal requirements.' Results from the Statistics Canada 1986 Family Expenditure Survey for cities of 100,000+ people shows that recreation expenditures represent 7 percent of the cost of the basic necessities provided by social assistance. Accordingly, one could well argue that recipients in Manitoba are receiving a basic requirements budget that is at least 7 percent below what is prescribed in the federal legislation. And, it is our feeling that the lack of a budget for such expenditures is one of the reasons why social assistance recipients account for 60 percent of those relying on the food banks in Winnipeg.

In sum, eliminating the economic causes of poverty requires, first and foremost, the creation of non-inflationary full-employment policies for the country. With such policies being a remote possibility, the federal and provincial tax-transfer systems must be reformed to make them more effective and efficient.

4.0 CONCLUSIONS

This brief has been built on the premise that the majority of poverty is of a temporary nature and best solved through full-employment and efficiently designed income-supplementation policies and programs. In addition, the expansion of equal employment and pay legislation and programs is required to improve the earnings of women and minorities who are at greater risk of being poor.

However, there is a significant minority of the low-income population who are chronically poor. In Manitoba and Canada, the long-term poor are more likely to be Aboriginal and single-parent mothers with little education, and two-or-more children. To lift these high-risk families out of poverty requires multiple support services including affordable child care, a continuum of pre-employment, educational upgrading, job-skill training and placement programs.

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TABLE 1.1

THE NUMBER OF LOW-INCOME HOUSEHOLDS WITH CHILDREN, SHOWING THE RATE OF POVERTY, BY FAMILY STATUS: WINNIPEG CITY - 1971, 1981, 1986

TYPE OF HOUSEHOLD	(Revised 1971 LICOs) 1971		(Revised 1978 LICOs) 1981		1986	
ALL HOUSEHOLDS WITH CHILDREN	14,655	(16.3)	15,495	(16.5)	17,650	(17.7)
• HUSBAND/WIFE	9,015	(11.8)	7,905	(10.4)	8,710	(11.1)
• SINGLE PARENT	5,640	(43.0)	7,590	(42.2)	8,940	(42.4)

Source: Social Planning Council of Winnipeg. Special Tabulations of the 1971, 1981, 198 Census

TABLE 1.2

THE CHANGE IN THE NUMBER OF LOW-INCOME FAMILIES WITH CHILDREN IN WINNIPEG 1971-81 AND 1981-86 SHOWING THE CONTRIBUTION OF THE CHANGING NUMBER OF FAMILIES AND THE CHANGING RATE OF POVERTY

TYPE OF HOUSEHOLD	1971 - 1981 Total Change	Due to Changing Numbers[1]	Due to Changing Rate	1981 - 1986 Total Change	Due to Changing Numbers	Due to Changin Rate
ALL HOUSEHOLDS	+840	+2005	-1165	+2155	+1564	+591
• HUSBAND/WIFE	-1110	-84	-1026	+805	+254	+551
• SINGLE PARENT	+1950	+2089	-139	+1350	+1310	+40

[1] The Total Change in the Number of Low-Income Families can be disaggregated into that chang due just to the changing number of total families, and that due just to the changing rate via the following formula:

Total Change **Change Due to Rate** **Change Due to Numbers**

$$(N_2P_2 - N_1P_1) = (N_2P_2 - N_2P_1) + (N_2P_1 - N_1P_1)$$

where,

N_2 = Total Number of Families at Time 2.
N_1 = Total Number of Families at Time 1.
P_2 = Rate of Poverty at Time 2.
P_1 = Rate of Poverty at Time 1.

TABLE 2.1

THE NUMBER AND PROPORTION OF ALL LOW-INCOME FAMILIES WITH CHILDREN, SHOWING THE RATE AND DEPTH OF POVERTY, BY FAMILY STATUS AND AGE OF HEAD, MANITOBA - 1981/82

FAMILY STATUS AND AGE OF HEAD	NUMBER AND PERCENT OF ALL LOW-INCOME FAMILIES		PERCENT OF ALL FAMILIES WHICH ARE LOW-INCOME	FAMILY INCOME AS A PERCENT OF THE LOW INCOME CUTOFFS
ALL FAMILIES	29,750	(100.0%)	17.6%	61.1%
HUSBAND/WIFE TOTAL	17,050	(57.4%)	12.2%	64.9%
• 15 - 24 YEARS	1,350	(4.6)	29.0	68.6
• 25 - 44 YEARS	10,200	(34.3)	12.7	63.8
• 45 - 64 YEARS	4,450	(15.0)	9.0	62.6
• 65+ YEARS	1,050	(3.5)	19.9	81.0
SINGLE-PARENT TOTAL	12,700	(42.6)	44.2	55.8
• 15 - 24 YEARS	1,550	(5.2)	79.3	47.7
• 25 - 44 YEARS	7,750	(26.1)	50.6	56.8
• 45 - 64 YEARS	2,600	(8.7)	30.8	56.1
• 65+ YEARS	750	(2.5)	25.5	61.5

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 2.2

THE NUMBER AND PROPORTION OF ALL LOW-INCOME FAMILIES WITH CHILDREN, SHOWING THE RATE AND DEPTH OF POVERTY, BY FAMILY STATUS AND THE HEAD'S LEVEL OF EDUCATION - MANITOBA - 1981/82

FAMILY STATUS AND HEAD'S LEVEL OF EDUCATION	NUMBER AND PERCENT OF ALL LOW-INCOME FAMILIES		PERCENT OF ALL FAMILIES WHICH ARE LOW-INCOME	FAMILY INCOME AS A PERCENT OF THE LOW INCOME CUTOFFS
ALL FAMILIES	29,750	(100.0%)	17.6%	61.1%
HUSBAND/WIFE TOTAL	12,000	(57.1%)	12.2%	64.9%
• LESS THAN GRADE 9	6,150	(20.7)	22.0	65.5
• GRADES 9 - 10	4,300	(14.4)	16.5	73.2
• GRADES 11 - 13	3,900	(13.1)	9.1	56.6
• POST-SECONDARY	2,650	(8.9)	6.2	62.8
SINGLE-PARENT TOTAL	12,750	(42.9)	44.2	55.8
• LESS THAN GRADE 9	3,550	(11.9)	56.1	52.2
• GRADES 9 - 10	3,450	(11.6)	59.2	50.9
• GRADES 11 - 13	4,050	(13.6)	39.4	60.9
• POST-SECONDARY	1,700	(5.7)	26.2	61.7

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 2.3

THE NUMBER AND PROPORTION OF ALL LOW-INCOME FAMILIES WITH CHILDREN, SHOWING THE RATE AND DEPTH OF POVERTY, BY FAMILY STATUS AND NUMBER OF CHILDREN UNDER 7 YEARS - MANITOBA - 1981/82

FAMILY STATUS AND NUMBER OF CHILDREN UNDER 7 YEARS	NUMBER AND PERCENT OF ALL LOW-INCOME FAMILIES		PERCENT OF ALL FAMILIES WHICH ARE LOW-INCOME	FAMILY INCOME AS A PERCENT OF THE LOW INCOME CUTOFFS
ALL FAMILIES	29,750	(100.0%)	17.6%	61.1%
HUSBAND/WIFE TOTAL	12,050	(57.3%)	12.2%	64.9%
• NO CHILDREN	6,550	(22.0)	8.2	66.8
• 1 CHILD	5,550	(18.7)	16.5	61.7
• 2+ CHILDREN	4,950	(16.6)	18.8	66.2
SINGLE-PARENT TOTAL	12,700	(42.7)	44.2	55.8
• NO CHILDREN	6,650	(22.4)	32.9	56.4
• 1 CHILD	4,050	(13.6)	66.4	58.5
• 2+ CHILDREN	2,000	(6.7)	84.2	48.0

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 2.4

THE NUMBER AND PROPORTION OF ALL LOW-INCOME FAMILIES WITH CHILDREN, SHOWING THE RATE AND DEPTH OF POVERTY, BY FAMILY STATUS AND NUMBER OF CHILDREN 7 TO 11 YEARS - MANITOBA - 1981/82

FAMILY STATUS AND NUMBER OF CHILDREN 7 TO 11 YEARS	NUMBER AND PERCENT OF ALL LOW-INCOME FAMILIES		PERCENT OF ALL FAMILIES WHICH ARE LOW-INCOME	FAMILY INCOME AS A PERCENT OF THE LOW INCOME CUTOFFS
ALL FAMILIES	29,750	(100.0%)	17.6%	61.1%
HUSBAND/WIFE TOTAL	12,050	(57.4%)	12.2%	64.9%
• 0 CHILDREN	9,800	(32.9)	10.7	65.3
• 1 CHILD	4,800	(16.1)	13.6	63.3
• 2+ CHILDREN	2,500	(8.4)	19.0	66.5
SINGLE-PARENT TOTAL	12,700	(42.6)	44.2	55.8
• 0 CHILDREN	7,700	(25.9)	37.7	57.7
• 1 CHILD	3,150	(10.6)	58.6	54.5
• 2+ CHILDREN	1,850	(6.2)	63.0	50.2

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 3

THE UNIQUE AND JOINT EFFECT OF FAMILY STATUS, THE HEAD'S LEVEL OF EDUCATION AND THE NUMBER OF CHILDREN AGE 0 - 7 AND 7 - 11 YEARS ON THE RATE OF FAMILY POVERTY IN MANITOBA - 1981/82

HEAD'S LEVEL OF EDUCATION	H/W FAMILY, NO CHILDREN 0 - 7 AND 7 - 11 YEARS	H/W FAMILY, 1 CHILD 0 - 7 AND 1 CHILD 7 - 11 YEARS	SINGLE PARENT FAMILY, NO CHILDREN 0 -7 AND 7 - 11 YEARS	SINGLE PARENT FAMILY, 1 CHILD 0 - 7 AND 1 CHILD 7 - 11 YEARS
LESS THAN 9	12.4%	42.9%	44.6%	91.9%
9 - 10	8.6%	14.9%	34.9%	86.3%
11 - 13	3.3%	16.3%	16.1%	74.6%
POST-SECONDARY	2.7%	3.8%	13.9%	37.6%

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 4.1

AVERAGE NUMBER OF WEEKS WORKED PER YEAR BY ALL FAMILY MEMBERS, BY FAMILY STATUS, HEAD'S LEVEL OF EDUCATION AND AGE OF YOUNGEST CHILD - MANITOBA - 1981/82

LEVEL OF EDUCATION BY FAMILY STATUS	AGE OF YOUNGEST CHILD			OVERALL AVERAGE
	UNDER 7	7 TO 11	12+	
HUSBAND-WIFE TOTAL	76.1	94.1	116.8	95.2
• Less than 9 years	70.6	95.6	112.9	98.3
• 9 to 10 years	72.4	98.9	115.8	96.5
• 11 to 13 years	80.0	90.2	120.6	95.0
• POST-SECONDARY	75.9	94.6	118.4	92.5
SINGLE-PARENT TOTAL	31.8	36.4	61.4	48.2
• Less than 9 years	9.9	17.5	51.0	40.2
• 9 to 10 years	16.8	29.4	62.0	42.0
• 11 to 13 years	38.7	37.9	65.4	50.8
• POST-SECONDARY	44.7	50.0	70.2	57.9

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Income of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 4.2

AVERAGE FAMILY EARNINGS BY FAMILY STATUS, TOTAL WEEKS WORKED AND HEAD'S LEVEL OF EDUCATION - MANITOBA - 1981/82

TOTAL WEEKS WORKED BY FAMILY STATUS	HEAD'S LEVEL OF EDUCATION				
	0 - 8	9 - 10	11 - 13	POST SECOND.	OVERALL AVERAGE
HUSBAND-WIFE TOTAL	$22,600	$27,186	$29,200	$34,246	$29,035
• 1 - 26 weeks	$ 3,001	$ 5,434	$11,108	$11,600	$ 6,102
• 27 - 48 weeks	12,391	12,874	16,920	17,121	14,137
• 49 - 52 weeks	15,557	18,225	22,134	26,149	21,962
• 53 - 78 weeks	17,915	20,358	23,694	29,203	24,476
• 79 - 104 weeks	25,322	29,170	29,666	36,357	30,926
•105+ weeks	30,922	38,653	40,278	46,634	39,067
SINGLE-PARENT TOTAL	$ 8,119	$ 8,345	$12,666	$15,925	$11,499
• 1 - 26 weeks	$ 1,927	$ 1,682	$ 3,240	$ 5,623	$ 2,792
• 27 - 48 weeks	9,965	6,942	8,715	3,864	8,077
• 49 - 52 weeks	13,364	10,423	13,650	14,972	13,577
• 53 - 78 weeks	9,715	15,608	12,949	23,427	15,655
• 79 - 104 weeks	18,023	18,200	26,324	27,430	22,857
•105+ weeks	18,763	25,585	32,070	25,792	26,913

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Incomes of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 5

THE UNIQUE AND JOINT EFFECT OF FAMILY STATUS, HEAD'S EARNINGS AND TOTAL WEEKS WORKED, ON THE RATE OF FAMILY POVERTY IN MANITOBA - 1981/82

TOTAL WEEKS WORKED BY FAMILY MEMBERS	HUSBAND-WIFE FAMILIES				SINGLE-PARENT FAMILIES			
	$4,500	$4,500-$8,999	$ 9,000-$13,499	$13,500-$17,999	<$4,500	$4,500-$8,999	$ 9,000-$13,499	$13,500-$17,999
1 - 26	81.2%	63.0%	51.6%	7.5%	81.4%	55.8%	28.5%	1.1%
27 - 48	67.8%	81.5%	30.0%	7.0%	68.2%	76.6%	13.8%	1.0%
49 - 52	45.0%	83.5%	68.2%	22.8%	45.5%	79.0%	44.6%	3.9%
53 - 78	42.0%	38.2%	28.9%	1.4%	42.4%	31.4%	13.2%	0.2%
79 - 104	41.2%	22.6%	11.0%	0.9%	41.6%	17.8%	4.4%	0.1%
105+	23.3%	11.7%	16.4%	1.2%	23.6%	8.9%	6.8%	0.2%

Source: Statistics Canada, 1982 and 1983 Surveys of Consumer Finance microdata tape, "1981 and 1982 Incomes of Economic Family Units." Calculations by the Social Planning Council of Winnipeg.

TABLE 6

CHANGES IN THE LABOUR-FORCE STATUS OF WOMEN WITH CHILDREN
BY THE AGE OF THE YOUNGEST CHILD AND PRESENCE OF HUSBAND: MANITOBA - 1981 TO 1988

AGE OF YOUNGEST CHILD BY PRESENCE OF HUSBAND	1981	1982	1983	1984	1985	1986	1987	1988
A. PARTICIPATION RATES								
HUSBAND PRESENT	52.0	52.9	54.5	55.0	56.3	58.1	60.3	61.0
• CHILD 0 - 6	48.2	50.8	54.7	53.5	57.3	59.3	61.0	64.1
• CHILD 7 - 15	65.0	66.1	67.0	70.3	72.6	72.7	76.3	76.8
• CHILD 16+	72.5	73.8	74.6	76.0	78.0	78.1	81.0	81.7
SINGLE PARENT	54.6	55.2	58.5	60.9	61.7	59.5	57.2	56.3
• CHILD 0 - 6	48.7	55.5	46.7	60.3	60.0	49.2	48.3	48.7
• CHILD 7 - 15	70.5	72.5	74.4	76.9	77.3	77.8	70.2	75.5
• CHILD 16+	83.5	77.1	85.2	82.5	86.4	82.8	84.9	84.0
B. UNEMPLOYMENT RATES								
HUSBAND PRESENT	5.3	7.5	8.0	7.8	7.4	6.9	6.1	6.8
• 1+ CHILDREN 0 - 15	6.0	8.3	9.8	8.5	8.3	7.8	7.1	7.5
• NO CHILDREN 0 - 15	5.1	7.6	6.3	7.4	6.8	6.1	4.8	6.7
SINGLE PARENT	8.3	10.2	11.0	12.6	11.4	10.2	8.8	10.5
• 1+ CHILDREN 0 - 15	11.9	13.2	12.6	15.2	15.7	14.8	11.6	14.9
• NO CHILDREN 0 - 15	-	-	-	-	-	-	-	-

Source: Statistics Canada, Labour-Force Survey, Table F09A.

TABLE 7.1

THE DISTRIBUTION OF THE ADULT POPULATION WITH EARNED INCOME--ACROSS OCCUPATIONS GROUPED BY 1980 AVERAGE INCOME DECILES - BY SEX: MANITOBA - 1980 & 1985

1980 AVERAGE EARNINGS OF OCCUPATIONS (1985$)	MALES					FEMALES				
	1980			1985		1980			1985	
	Percent of Occup'ns.	Percent of All Earners		Percent of Occup'ns.	Percent of All Earners	Percent of Occup'ns.	Percent of All Earners		Percent of Occup'ns.	Percent of All Earners
BOTTOM DECILE	9.3	12.0		18.7	21.5	10.0	15.1		9.1	16.0
SECOND "	10.7	9.3		9.3	4.2	10.0	14.6		7.3	12.9
THIRD "	9.3	6.4		6.7	11.8	10.0	6.5		12.7	5.1
FOURTH "	10.7	14.3		12.0	10.8	10.0	5.7		10.9	7.0
FIFTH "	10.7	17.0	40.9	9.3	12.6	10.0	15.4	49.4	5.5	2.1
SIXTH "	9.3	9.6		1.3	4.9	10.0	16.5		9.1	19.9
SEVENTH "	10.7	6.7		13.3	8.4	10.0	11.8		7.3	10.0
EIGHTH "	9.3	5.4	31.4	10.7	5.1	10.0	2.7		14.5	12.7
NINTH "	10.7	8.1		10.7	8.6	10.0	2.8	14.4	5.5	6.2
TOP "	9.3	11.2		8.0	12.1	10.0	8.9		18.2	8.1
TOTAL	100.00	100.0		100.0	100.0	100.0	100.0		100.0	100.0
(NUMBER)	(75)	(300,160)		(75)	(304,750)	(50)	(217,265)		(55)	(237,470)

					28.3					39.0
					34.2			27.0		

SOURCE: Statistics Canada, Employment Income by Occupation, Cat. 93-116, Table 1

TABLE 7.2

THE LEVEL OF VARIATION[1] IN AVERAGE OCCUPATIONAL EARNED INCOME BY SEX AND EMPLOYMENT STATUS: MANITOBA - 1980 AND 1985

EMPLOYMENT STATUS BY SEX	1980	1985	CHANGE
MALES - TOTAL	29.9[1]	33.0	+3.1
• Full-Year/Full-Time	22.6	24.2	+1.6
• Part-Year/Part-Time	34.9	38.1	+3.2
FEMALES - TOTAL	33.0	35.7	+2.7
• Full-Year/Full-Time	26.2	26.8	+0.6
• Part-Year/Part-Time	28.9	32.3	+3.4

SOURCE: Statistics Canada, Employment Income by Occupation, Cat. #93-116, Table 1

[1]The cell entries are relative coefficients of variation , as obtained from the following formula:

$$C.V. = 100\ [(1/N)\ (\Sigma\ \text{abs}\ (\bar{Y}_i - \bar{Y})/\bar{Y})]$$

where

N = number of different occupational groups,

$\bar{Y}_i$ = average earned income of the i^{th} occupational group

$\bar{Y}$ = overall average earned income.

end